



China Magnesium Corporation Limited

ASX Announcement (ASX- CMC)

31 July 2012

OPERATIONS UPDATE

Highlights:-

- **Magnesium production ramp up anticipated by 30 October 2012**
- **Dolomite quarry production commenced in the June quarter**
- **Acquisition approval for Tianda from Ningxia Provincial Government running to schedule**

China Magnesium Corporation Limited (ASX: CMC; "CMC" or "the Company") which is set to become one of the largest, low cost, vertically integrated producers of magnesium and magnesium alloy in the world provides the following update regarding its operations:-

Magnesium operation (90.7% owned)

Final commissioning of the plant is subject to finalisation of negotiations with a number of Chinese banking institutions, which are at an advanced stage. The Company expects to operating at nameplate capacity (20,000tpa) by 30 October 2012.

Dolomite quarry (90.7% owned)

Completion of the acquisition of the Baiyun dolomite quarry was announced to the market on 30 April 2012 and it commenced small-scale production in late June. Dolomite is now being produced at a steady state and being sold into the local market.

Ferrosilicon operation (acquiring 100%)

Final approval from Ningxia Provincial Government for the acquisition of 100% of the issued shares in Ningxia Tianjing Tianda Metallurgical Smelting Co Ltd ("NTTMS") is running to schedule (refer to announcement dated 25 June 2012). The Company has sufficient funding commitments in place to enable it to finalise the acquisition.

Mr Blackhurst said the Company was progressing as set out in its operations update and placement announcement dated 25 June 2012.

"We remain on track to build a world-leading magnesium company over the months and years ahead."

Forward looking statements

Certain statements in this announcement are forward looking statements, which are current only as at the date of this announcement and, by their nature, are subject to a number of known and unknown factors that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements. No representation, warranty or assurance (express or implied) is given or made – by CMC, its related companies and their respective directors, employees and advisers – that the forward looking statements contained in this announcement will be achieved or prove to be correct.

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